

---

By: **Delegate James (Chairman, Joint Committee on Pensions)**

Introduced and read first time: February 13, 2004

Assigned to: Appropriations

---

A BILL ENTITLED

1 AN ACT concerning

2 **State Retirement and Pension System - Administration - Simplification**

3 FOR the purpose of altering the location where the Board of Trustees for the State  
4 Retirement and Pension System may meet for certain training; amending the  
5 title of a certain manual; repealing the requirement that certain individuals  
6 work a certain amount of time in order to participate in the Employees' Pension  
7 System; prohibiting certain members of the Employees' Retirement System to  
8 transfer to the Law Enforcement Officers' Pension System after a certain date  
9 and receive certain benefits; prohibiting any individual from joining the Local  
10 Fire and Police System after a certain date; requiring the Board of Trustees to  
11 temporarily suspend certain disability benefits under certain circumstances as  
12 of a certain date; prohibiting a member of the Employees' Retirement System or  
13 the Teachers' Retirement System to transfer membership to the Employees'  
14 Pension System or the Teachers' Pension System after a certain date;  
15 prohibiting a former member of the Employees' Retirement System or the  
16 Teachers' Retirement System to transfer vested rights to the Employees' Pension  
17 System or the Teachers' Pension System after a certain date; repealing the  
18 option of certain members of the Employees' Retirement System or Teachers'  
19 Retirement System to select certain retirement benefits after a certain date;  
20 prohibiting optional membership in the Employees' Pension System after a  
21 certain date for certain individuals; providing for the Board of Trustees to  
22 allocate in a certain manner certain assets of certain individuals who have  
23 transferred from the Employees' Retirement System or the Teachers' Retirement  
24 System to the Employees' Pension System or the Teachers' Pension System by a  
25 certain date; allowing a firefighter employed by certain participating  
26 governmental units to participate in the Law Enforcement Officers' Pension  
27 System; repealing a State Retirement and Pension System member's option of  
28 depositing certain additional contributions after a certain date; providing that if  
29 a certain number of firefighters of certain governmental units elect to  
30 participate in the Law Enforcement Officers' Pension System, that  
31 governmental unit may participate in the Law Enforcement Officers' Pension  
32 System; defining a certain term; making certain technical and conforming  
33 changes; providing for a delayed effective date of certain provisions in this Act;  
34 and generally relating to simplifying the administration of the State Retirement  
35 and Pension System.

1 BY repealing and reenacting, with amendments,  
 2 Article - State Personnel and Pensions  
 3 Section 20-101(c), 21-108(a)(3), 21-116(c), 21-123(c), 21-313(c), 22-209(a),  
 4 22-212, 22-213, 22-221(a), 23-201(a), 23-204, 23-206(a), 23-309(a),  
 5 23-405, 26-201, 26-204, 26-205, 28-202, 29-115(b), 31-202, 31-203,  
 6 31-205(a), 31-2A-01, 31-2A-03, and 37-201(b)  
 7 Annotated Code of Maryland  
 8 (1997 Replacement Volume and 2003 Supplement)

9 BY repealing  
 10 Article - State Personnel and Pensions  
 11 Section 22-219(c), 22-220(c), 22-221(g), 22-407, 23-202, 23-207, and 29-503  
 12 Annotated Code of Maryland  
 13 (1997 Replacement Volume and 2003 Supplement)

14 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
 15 MARYLAND, That the Laws of Maryland read as follows:

16 **Article - State Personnel and Pensions**

17 21-108.

18 (a) (3) (i) Each trustee on the Board of Trustees is required to complete at  
 19 least 8 hours of investment and fiduciary training, including training on fiduciary  
 20 conduct and board governance, during a 1-year period beginning January 1.

21 (ii) The training shall be conducted at [the State Retirement  
 22 Agency] A FACILITY LOCATED IN THE BALTIMORE-WASHINGTON METROPOLITAN  
 23 CORRIDOR by an entity not affiliated with any of the external investment managers  
 24 for the several systems.

25 (iii) On or before June 30 and December 31 of each year, the State  
 26 Retirement Agency shall submit a report to the Department of Legislative Services  
 27 that provides a summary of the training required by this paragraph that was  
 28 completed by each trustee during that 6-month period.

29 21-116.

30 (c) (1) The Board of Trustees shall adopt an investment [operations]  
 31 POLICY manual that details:

32 (i) the functions of the Investment Division of the State  
 33 Retirement Agency;

34 (ii) the goals and objectives of the several investment programs;  
 35 and

1 (iii) the policies that govern the selection and retention of  
2 investments.

3 (2) The Investment Committee shall:

4 (i) prepare and maintain the investment [operations] POLICY  
5 manual; and

6 (ii) submit the investment [operations] POLICY manual, and any  
7 subsequent amendments to the manual, to the Board of Trustees for approval.

8 21-123.

9 (c) (1) (i) Subject to subparagraph (ii) of this paragraph, the Board of  
10 Trustees may invest assets of the several systems subject to the conditions that it  
11 imposes.

12 (ii) Not more than 25% of the assets that the Board of Trustees  
13 invests in common stocks may be invested in nondividend paying common stocks.

14 (2) The Board of Trustees shall include the conditions that it adopts  
15 under paragraph (1) of this subsection in the investment [operations] POLICY  
16 manual required by § 21-116(c) of this subtitle.

17 22-221.

18 (a) (1) This section applies only to a member who is not subject to Selection  
19 A (Additional member contributions) or Selection B (Limited cost-of-living  
20 adjustment).

21 (2) The effective date for application of this section is:

22 (i) July 1, 1984, for a member employed by a participating  
23 employer on that day who had not elected Selection A (Additional member  
24 contributions) or Selection B (Limited cost-of-living adjustment);

25 (ii) the date of return to employment by a participating employer  
26 for a member who returned to active employment and had not elected Selection A  
27 (Additional member contributions) or Selection B (Limited cost-of-living  
28 adjustment); or

29 (iii) the date of election of Selection C (Combination formula) [under  
30 § 22-219 or § 22-220 of this subtitle] BY A MEMBER WHO ON OR BEFORE DECEMBER  
31 31, 2004, HAD FORMERLY ELECTED SELECTION A (ADDITIONAL MEMBER  
32 CONTRIBUTIONS) OR SELECTION B (LIMITED COST-OF-LIVING ADJUSTMENT).

33 23-204.

34 (a) (1) [Membership in the Employees' Pension System is optional for an  
35 individual who] THIS SECTION APPLIES TO AN INDIVIDUAL WHO ON JUNE 30, 2004,  
36 receives an annual salary and who is:



1 23-309.

2 (a) [(1)] For the purpose of computing benefits under this title, creditable  
3 service consists of:

4 [(i)] (1) eligibility service as adjusted under subsection (b) of this  
5 section; and

6 [(ii)] (2) credit for unused sick leave as provided in § 20-206 of this  
7 article and § 23-310 of this subtitle.

8 [(2)] (i) This paragraph does not apply to an official of a participating  
9 governmental unit.

10 (ii) An official who was appointed on or after June 1, 1980, may not  
11 receive creditable service in the Employees' Pension System for any year in which the  
12 official works fewer than 130 days.]

13 26-204.

14 (a) Except as provided in subsection (b) of this section, a member's  
15 contribution rate is 4% of the member's earnable compensation.

16 (b) (1) This subsection applies only to a member who:

17 (i) transferred to the Law Enforcement Officers' Pension System  
18 from the Employees' Retirement System ON OR AFTER JANUARY 1, 2001, AND ON OR  
19 BEFORE DECEMBER 31, 2004; [and] OR

20 (ii) 1. TRANSFERRED TO THE LAW ENFORCEMENT OFFICERS'  
21 PENSION SYSTEM FROM THE EMPLOYEES' RETIREMENT SYSTEM ON OR BEFORE  
22 DECEMBER 31, 2000; AND

23 2. did not elect to participate in the Law Enforcement  
24 Officers' Modified Pension Benefit on or before December 31, 2000 as provided in §  
25 26-211 of this article.

26 (2) The contribution rate for a member who has transferred from the  
27 Employees' Retirement System is the rate set under:

28 (i) Section 22-214(a) of this article, for a member who had elected  
29 Selection A (Additional member contributions) under § 22-219 of this article; or

30 (ii) Section 22-214(b) of this article, for a member who had elected  
31 Selection B (Limited cost-of-living adjustment) under § 22-220 of this article.

32 26-205.

33 Regular interest is payable on member contributions until retirement or  
34 withdrawal of accumulated contributions at the rate of:

1 (1) 4% a year, compounded annually, for a member who has transferred  
2 from the Employees' Retirement System ON OR BEFORE DECEMBER 31, 2004; or

3 (2) 5% a year, compounded annually, for each other member.

4 28-202.

5 (a) Except as provided in subsection (b) of this section, an individual described  
6 in § 28-201 of this subtitle WHO is a member of the Local Fire and Police System ON  
7 OR BEFORE DECEMBER 31, 2004, IS A MEMBER OF THE LOCAL FIRE AND POLICE  
8 SYSTEM as a condition of employment.

9 (b) Membership in the Local Fire and Police System is optional for an  
10 individual who was employed by a participating governmental unit on the date the  
11 participating governmental unit begins to participate in the Local Fire and Police  
12 System.

13 (C) AN INDIVIDUAL WHO IS NOT A MEMBER OF THE LOCAL FIRE AND POLICE  
14 SYSTEM ON DECEMBER 31, 2004, IS NOT ELIGIBLE FOR MEMBERSHIP IN THE LOCAL  
15 FIRE AND POLICE SYSTEM.

16 29-115.

17 (b) (1) (I) The Board of Trustees [may] SHALL, after giving notice,  
18 temporarily suspend the retiree's allowance if the retiree:

19 [(i)] 1. began receiving a disability retirement allowance on or  
20 after July 1, 1998; and

21 [(ii)] 2. is employed by a participating employer at an annual  
22 compensation that is at least equal to the retiree's average final compensation at  
23 retirement.

24 (II) A TEMPORARY SUSPENSION UNDER THIS SUBSECTION SHALL  
25 BEGIN AS OF THE DATE THE RETIREE IS REEMPLOYED BY A PARTICIPATING  
26 EMPLOYER UNDER SUBPARAGRAPH (I)2 OF THIS PARAGRAPH.

27 (2) A retiree whose allowance is temporarily suspended under this  
28 subsection is not subject to a reduction as provided in § 29-116 of this subtitle during  
29 the period of employment by a participating employer.

30 (3) Upon receiving satisfactory documentation that the retiree is no  
31 longer employed by a participating employer, the Board of Trustees shall reinstate the  
32 retiree's allowance with accumulated cost-of-living adjustments from the date the  
33 allowance was temporarily suspended.

34 (4) The retiree's allowance will be reinstated on the first day of the  
35 month following the month in which the retiree ceased employment with the  
36 participating employer.

1 31-202.

2 (A) [Subject] ON OR BEFORE DECEMBER 31, 2004, AND SUBJECT to § 31-203 of  
3 this subtitle, the governmental units that are eligible to participate in the Local Fire  
4 and Police System are:

5 (1) counties; and

6 (2) municipal corporations.

7 (B) A GOVERNMENTAL UNIT THAT IS NOT PARTICIPATING IN THE LOCAL FIRE  
8 AND POLICE SYSTEM ON DECEMBER 31, 2004, IS NOT ELIGIBLE TO PARTICIPATE IN  
9 THE LOCAL FIRE AND POLICE SYSTEM.

10 31-203.

11 (a) If at least 60% of the law enforcement officers of an eligible governmental  
12 unit who are members of a local pension system petition to become members of the  
13 Local Fire and Police System ON OR BEFORE DECEMBER 31, 2004, the legislative body  
14 of the eligible governmental unit may approve the participation of these law  
15 enforcement officers in the Local Fire and Police System as though the local pension  
16 system were not in operation.

17 (b) If at least 60% of the [fire fighters] FIREFIGHTERS of an eligible  
18 governmental unit who are members of a local pension system petition to become  
19 members of the Local Fire and Police System ON OR BEFORE DECEMBER 31, 2004, the  
20 legislative body of the eligible governmental unit may approve the participation of  
21 these [fire fighters] FIREFIGHTERS in the Local Fire and Police System as though  
22 the local pension system were not in operation.

23 31-205.

24 (a) If an eligible governmental unit approves participation in the Local Fire  
25 and Police System ON OR BEFORE DECEMBER 31, 2004, the operation of the local  
26 pension system with respect to the law enforcement officers or [fire fighters]  
27 FIREFIGHTERS terminates on the effective date.

28 37-201.

29 (b) This title does not apply to:

30 (1) a transfer to the Judges' Retirement System of the State of Maryland;

31 (2) a transfer to or from the Legislative Pension Plan of the State of  
32 Maryland except to the extent provided by the Joint Resolution submitted to the  
33 General Assembly by the General Assembly Compensation Commission under Article  
34 III, § 15 of the Maryland Constitution;

1 (3) a transfer from the Employees' Retirement System of the State of  
2 Maryland to the Employees' Pension System of the State of Maryland [under §  
3 22-212 or § 22-213 of this article] ON OR BEFORE DECEMBER 31, 2004;

4 (4) a transfer from the Teachers' Retirement System of the State of  
5 Maryland to the Teachers' Pension System of the State of Maryland [under § 22-212  
6 or § 22-213 of this article] ON OR BEFORE DECEMBER 31, 2004;

7 (5) a transfer between the Employees' Retirement System of the State of  
8 Maryland and the Teachers' Retirement System of the State of Maryland;

9 (6) a transfer between the Employees' Pension System of the State of  
10 Maryland and the Teachers' Pension System of the State of Maryland if the member  
11 is not subject to the contributory pension benefit under Title 23, Subtitle 2, Part II of  
12 this article in the previous and current system; or

13 (7) a transfer between the Employees' Pension System of the State of  
14 Maryland and the Teachers' Pension System of the State of Maryland if the member  
15 is subject to the contributory pension benefit under Title 23, Subtitle 2, Part II of this  
16 article in the previous and current system.

17 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland  
18 read as follows:

19 **Article - State Personnel and Pensions**

20 20-101.

21 (c) "Additional contribution" means a contribution that is[:

22 (1)] made voluntarily by a member[; or

23 (2) designated as an additional contribution under § 22-212 or § 22-213  
24 of this article].

25 21-313.

26 (c) The member contributions under subsection (b) of this section:

27 (1) are designated as employee contributions to be picked up by the  
28 employing unit within the meaning of § 414(h)(2) of the Internal Revenue Code and  
29 shall be treated as employer contributions in determining tax treatment under that  
30 section;

31 (2) shall reduce the compensation of the member in an amount that  
32 equals the member contribution picked up by the employer;

33 (3) may not be included as gross income of the member until the pickup  
34 amounts are distributed or made available to the member;

1 (4) shall be paid by the State or other approved employer from the same  
2 source of funds that is used to pay compensation to the member; and

3 (5) [except as provided in §§ 22-212 and 22-213 of this article,] for  
4 purposes of this Division II, shall be treated in the same manner and to the same  
5 extent as member contributions made before establishment of the employer pickup  
6 program.

7 22-209.

8 (a) Subject to subsection (c) of this section, as a condition of an individual's  
9 employment contract, an individual may remain a member of the Employees'  
10 Retirement System or the Teachers' Retirement System without change in the  
11 benefits under that retirement system as of December 31, 1979, if:

12 (1) the individual is a member of that retirement system on December  
13 31, 1979; AND

14 (2) [the individual does not transfer membership under § 22-212 of this  
15 subtitle; and

16 (3)] the individual's membership does not terminate under § 22-217 of  
17 this subtitle.

18 22-212.

19 [(a) (1) An] ON OR AFTER JANUARY 1, 2005, AN individual who is a member of  
20 the Employees' Retirement System or the Teachers' Retirement System [on December  
21 31, 1979, continues to be a member in that system unless the individual transfers]  
22 MAY NOT TRANSFER membership to the:

23 [(i)] (1) Employees' Pension System, if the individual is a member  
24 of the Employees' Retirement System; or

25 [(ii)] (2) Teachers' Pension System, if the individual is a member of  
26 the Teachers' Retirement System.

27 [(2) To transfer, an individual shall file with the Board of Trustees, on the  
28 form the Board of Trustees requires, an executed waiver of any benefits to which the  
29 individual might be entitled under the retirement system in which the individual is a  
30 member.

31 (3) A transfer may only take effect on the first day of a month.

32 (b) (1) This subsection does not apply to a member's employer pickup  
33 contributions.

34 (2) A member who transfers to a pension system under subsection (a) of  
35 this section is eligible to receive within 90 days after the date of transfer a refund of  
36 the member contributions described in paragraph (3) of this subsection, plus interest

1 computed as provided in paragraph (5) of this subsection, unless the member elects to  
2 have any part of the member contributions described in paragraph (3) of this  
3 subsection transferred as additional contributions to the annuity savings fund of the  
4 pension system to which the member is transferring.

5 (3) The amount to be refunded under this subsection is the amount  
6 obtained by multiplying the total of the member contributions attributed to that  
7 member by a fraction not exceeding 1, that has:

8 (i) as its numerator, the member's average taxable wage base for  
9 the 3 calendar years immediately preceding the calendar year of transfer; and

10 (ii) as its denominator, the average of the member's annual  
11 earnable compensation as of the end of the preceding 3 fiscal years.

12 (4) The Board of Trustees shall transfer for the member's benefit the  
13 balance, if any, of the member's contributions plus regular interest to the annuity  
14 savings fund of the pension system to which the member is transferring.

15 (5) (i) The interest rate to be applied to the member contributions  
16 under paragraph (2) of this subsection is the average rate of interest, compounded  
17 yearly, for the 5 fiscal years preceding the calendar year of transfer.

18 (ii) The rate of interest for each fiscal year that is used to compute  
19 the average rate of interest under subparagraph (i) of this paragraph equals the sum  
20 of the investment income and the realized gains and losses divided by the book value  
21 of the total investments.

22 (c) (1) If a member transfers to a pension system under subsection (a) of this  
23 section, the Board of Trustees shall transfer the member's employer pickup  
24 contributions for the member's benefit to the annuity savings fund of the pension  
25 system to which the member is transferring.

26 (2) The Board of Trustees shall transfer:

27 (i) as additional contributions, the part of a member's employer  
28 pickup contributions obtained by multiplying the member's total employer pickup  
29 contributions as of the date of transfer by the fraction specified in subsection (b)(3) of  
30 this section, plus interest computed as provided in paragraph (3) of this subsection;  
31 and

32 (ii) as member contributions, any balance of the member's  
33 employer pickup contributions plus regular interest.

34 (3) (i) The interest rate to be applied to the member contributions  
35 under paragraph (2) of this subsection is the average rate of interest, compounded  
36 yearly, for the 5 fiscal years preceding the calendar year of transfer.

37 (ii) The rate of interest for each fiscal year that is used to compute  
38 the average rate of interest under subparagraph (i) of this paragraph equals the sum

1 of the investment income and the realized gains and losses divided by the book value  
2 of the total investments.]

3 22-213.

4 [(a) (1) A] ON OR AFTER JANUARY 1, 2005, A former member who has elected  
5 a vested allowance under § 29-302 of this article may NOT elect to be vested in:

6 [(i) (1) the Employees' Pension System, if a former member of the  
7 Employees' Retirement System; or

8 [(ii) (2) the Teachers' Pension System, if a former member of the  
9 Teachers' Retirement System.

10 [(2) A vested former member who elects to transfer vested rights to the  
11 appropriate pension system shall file with the Board of Trustees, on the form the  
12 Board of Trustees requires, an executed waiver of any benefits to which the former  
13 member might be entitled under the retirement system from which the vested rights  
14 are being transferred.

15 (3) A transfer may only take effect on the first day of a month.

16 (b) (1) This subsection does not apply to a former member's employer pickup  
17 contributions.

18 (2) A former member who transfers vested rights to a pension system  
19 under subsection (a) of this section is eligible to receive within 90 days after the date  
20 of transfer a refund of the member contributions described in paragraph (3) of this  
21 subsection plus regular interest, unless the former member elects to have any part of  
22 the member contributions described in paragraph (3) of this subsection transferred as  
23 additional contributions to the annuity savings fund of the pension system to which  
24 the former member is transferring the vested rights.

25 (3) The amount to be refunded under this subsection is the amount  
26 obtained by multiplying the total of the member contributions attributable to the  
27 former member by a fraction not exceeding 1, that has:

28 (i) as its numerator, the former member's average taxable wage  
29 base for the 3 calendar years immediately preceding the calendar year of the former  
30 member's separation from employment; and

31 (ii) as its denominator, the average of the former member's annual  
32 earnable compensation as of the end of the 3 fiscal years preceding the former  
33 member's separation from employment.

34 (4) The Board of Trustees shall transfer for the former member's benefit  
35 the balance, if any, of the member contributions plus regular interest to the annuity  
36 savings fund of the pension system to which the former member is transferring the  
37 vested rights.

1 (c) (1) If a former member transfers vested rights to a pension system under  
2 subsection (a) of this section, the Board of Trustees shall transfer the former  
3 member's employer pickup contributions for the former member's benefit to the  
4 annuity savings fund of the pension system to which the former member is  
5 transferring the vested rights.

6 (2) The Board of Trustees shall transfer:

7 (i) as additional contributions, the part of a former member's  
8 employer pickup contributions obtained by multiplying the former member's total  
9 employer pickup contributions as of the date of transfer by the fraction specified in  
10 subsection (b)(3) of this section, plus regular interest; and

11 (ii) as member contributions, any balance of the former member's  
12 employer pickup contributions, plus regular interest.]

13 22-219.

14 [(c) (1) After a member elects Selection A (Additional member contributions),  
15 the member may:

16 (i) elect Selection B (Limited cost-of-living adjustment);

17 (ii) elect Selection C (Combination formula); or

18 (iii) transfer to the Employees' Pension System or the Teachers'  
19 Pension System, as provided in § 22-212 of this subtitle.

20 (2) After the election of Selection B (Limited cost-of-living adjustment)  
21 under paragraph (1)(i) of this subsection, the increase in the rate of member  
22 contributions payable under § 22-214(a) of this subtitle may not be refunded as a  
23 result of the election.

24 (3) After the election of Selection C (Combination formula) under  
25 paragraph (1)(ii) of this subsection:

26 (i) the adjustment of the member's allowance shall be as provided  
27 by Title 29, Subtitle 4, Part V of this article; and

28 (ii) the rate of member contributions shall be as provided by §  
29 23-212 of this article.]

30 22-220.

31 [(c) (1) After a member elects Selection B (Limited cost-of-living  
32 adjustment), the member may:

33 (i) elect Selection C (Combination formula); or

34 (ii) transfer to the Employees' Pension System or the Teachers'  
35 Pension System as provided in § 22-212 of this subtitle.

1 (2) After the election of Selection C (Combination formula) under  
2 paragraph (1)(i) of this subsection:

3 (i) the adjustment for creditable service before the date of the  
4 election, shall be as provided in Title 29, Subtitle 4, Part IV of this article;

5 (ii) the adjustment for creditable service on or after the effective  
6 date of the election, shall be as provided in Title 29, Subtitle 4, Part II of this article;  
7 and

8 (iii) the rate of member contributions shall be as provided in §  
9 23-212 of this article.]

10 22-221.

11 [(g) A member who is subject to this section may transfer to the Employees'  
12 Pension System or the Teachers' Pension System, as provided in § 22-212 of this  
13 subtitle.]

14 [22-407.

15 If a member who was restored to membership under former Article 73B, § 2-411  
16 or § 3-408 of the Code elects to transfer to a pension system under § 22-212 of this  
17 title, the Board of Trustees shall reduce the member's transfer refund by the amount  
18 of the reduction in reserves that would have been made under former Article 73B, §  
19 2-411(b)(5) or § 3-408(b)(5) of the Code.]

20 23-201.

21 (a) Except as provided in subsection (b) of this section, [§§ 23-202 through  
22 23-205] §§ 23-203 THROUGH 23-205 of this subtitle apply only to:

23 (1) a regular employee whose compensation is provided by State  
24 appropriation or paid from State funds;

25 (2) an appointed or elected official of the State, including:

26 (i) a clerk of the circuit court;

27 (ii) a register of wills;

28 (iii) a State's Attorney; and

29 (iv) a sheriff;

30 (3) an employee or official of a participating governmental unit who is  
31 eligible to participate under Title 31, Subtitle 1 of this article;

32 (4) an employee of the Office of the Sheriff of Baltimore City;

1 (5) an additional employee or agent of the State Racing Commission  
2 authorized by § 11-207 of the Business Regulation Article;

3 (6) a permanent employee of the board of supervisors of elections of a  
4 county;

5 (7) a full-time master in chancery or in juvenile causes who is appointed  
6 on or after July 1, 1989, in any county by the circuit court for that county;

7 (8) an employee of the Maryland Environmental Service who is a  
8 member of the Employees' Pension System on June 30, 1993, or transfers from the  
9 Employees' Retirement System on or after July 1, 1993;

10 (9) an employee of Dorchester County who is not a member of the  
11 county's general pension and retirement program;

12 (10) a former Baltimore City jail employee who became an employee of the  
13 Baltimore City Detention Center and a member of the Employees' Pension System on  
14 July 1, 1991;

15 (11) a nonfaculty employee of the Baltimore City Community College who:

16 (i) is a member of the Employees' Pension System on October 1,  
17 2002;

18 (ii) transfers from the Employees' Retirement System on or after  
19 October 1, 2002;

20 (iii) transfers from the Teachers' Pension System in accordance with  
21 § 23-202.1 of this subtitle; or

22 (iv) becomes an employee of the Baltimore City Community College  
23 on or after October 1, 2002;

24 (12) a court reporter for the Circuit Court for Charles County who is a  
25 member of the Employees' Pension System on July 1, 1994, or transfers from the  
26 Employees' Retirement System on or after July 1, 1994;

27 (13) a staff employee of the University System of Maryland, Morgan State  
28 University, or St. Mary's College who is:

29 (i) a member of the Employees' Pension System on January 1,  
30 1998, or transfers from the Employees' Retirement System on or after January 1,  
31 1998; or

32 (ii) a staff employee of the University System of Maryland, Morgan  
33 State University, or St. Mary's College who becomes an employee on or after January  
34 1, 1998;

1 (14) on or after the date that the Board of Education of Kent County  
2 begins participation in the Employees' Pension System, a supportive service employee  
3 of the Board of Education of Kent County; and

4 (15) an employee of the Town of Oakland on or after the date that the  
5 Town of Oakland begins participation in the Employees' Pension System.

6 [23-202.

7 A member of the Employees' Retirement System may transfer membership to  
8 the Employees' Pension System as of the first day of a month if the member files with  
9 the Board of Trustees an executed waiver of all benefits to which the member may be  
10 entitled under the Employees' Retirement System.]

11 23-206.

12 (a) Except as provided in subsection (b) of this section, [ §§ 23-207 through  
13 23-210] §§ 23-208 THROUGH 23-210 of this subtitle apply only to:

14 (1) an employee of a day school in the State under the authority and  
15 supervision of a county board of education or the Baltimore City Board of School  
16 Commissioners, employed as:

17 (i) a clerk;

18 (ii) a helping teacher;

19 (iii) a principal;

20 (iv) a superintendent;

21 (v) a supervisor; or

22 (vi) a teacher;

23 (2) a faculty employee of an educational institution supported by and  
24 under the control of the State;

25 (3) a librarian or clerical employee of a library that is established or  
26 operates under the Education Article;

27 (4) a professional or clerical employee of a community college that is  
28 established or operates under the Education Article;

29 (5) a staff employee of the University System of Maryland, Morgan State  
30 University, or St. Mary's College who is a member of the Teachers' Pension System as  
31 of January 1, 1998, or who transfers from the Teachers' Retirement System on or  
32 after January 1, 1998; or

33 (6) a nonfaculty employee of the Baltimore City Community College who:

1 (i) is a member of the Teachers' Pension System as of October 1,  
2 2002 and does not transfer to the Employees' Pension System in accordance with  
3 § 23-202.1 of this subtitle; or

4 (ii) transfers from the Teachers' Retirement System on or after  
5 October 1, 2002.

6 [23-207.

7 A member of the Teachers' Retirement System may transfer membership to the  
8 Teachers' Pension System as of the first day of a month if the member files with the  
9 Board of Trustees an executed waiver of all benefits to which the member may be  
10 entitled under the Teachers' Retirement System.]

11 23-405.

12 (a) When a member of the Employees' Retirement System or the Teachers'  
13 Retirement System transfers ON OR BEFORE DECEMBER 31, 2004, to the Employees'  
14 Pension System or the Teachers' Pension System, the Board of Trustees shall allocate  
15 any amounts transferred from the Annuity Savings Fund as provided in [§ 22-212 of  
16 this article] SUBSECTIONS (B) AND (C) OF THIS SECTION.

17 (B) (1) THIS SUBSECTION DOES NOT APPLY TO A MEMBER'S EMPLOYER  
18 PICKUP CONTRIBUTIONS.

19 (2) A MEMBER WHO TRANSFERS TO A PENSION SYSTEM UNDER  
20 SUBSECTION (A) OF THIS SECTION IS ELIGIBLE TO RECEIVE WITHIN 90 DAYS AFTER  
21 THE DATE OF TRANSFER A REFUND OF THE MEMBER CONTRIBUTIONS DESCRIBED IN  
22 PARAGRAPH (3) OF THIS SUBSECTION, PLUS INTEREST COMPUTED AS PROVIDED IN  
23 PARAGRAPH (5) OF THIS SUBSECTION, UNLESS THE MEMBER ELECTS TO HAVE ANY  
24 PART OF THE MEMBER CONTRIBUTIONS DESCRIBED IN PARAGRAPH (3) OF THIS  
25 SUBSECTION TRANSFERRED AS ADDITIONAL CONTRIBUTIONS TO THE ANNUITY  
26 SAVINGS FUND OF THE PENSION SYSTEM TO WHICH THE MEMBER IS  
27 TRANSFERRING.

28 (3) THE AMOUNT TO BE REFUNDED UNDER THIS SUBSECTION IS THE  
29 AMOUNT OBTAINED BY MULTIPLYING THE TOTAL OF THE MEMBER CONTRIBUTIONS  
30 ATTRIBUTED TO THAT MEMBER BY A FRACTION NOT EXCEEDING 1, THAT HAS:

31 (I) AS ITS NUMERATOR, THE MEMBER'S AVERAGE TAXABLE WAGE  
32 BASE FOR THE 3 CALENDAR YEARS IMMEDIATELY PRECEDING THE CALENDAR YEAR  
33 OF TRANSFER; AND

34 (II) AS ITS DENOMINATOR, THE AVERAGE OF THE MEMBER'S  
35 ANNUAL EARNABLE COMPENSATION AS OF THE END OF THE PRECEDING 3 FISCAL  
36 YEARS.

37 (4) THE BOARD OF TRUSTEES SHALL TRANSFER FOR THE MEMBER'S  
38 BENEFIT THE BALANCE, IF ANY, OF THE MEMBER'S CONTRIBUTIONS PLUS REGULAR

1 INTEREST TO THE ANNUITY SAVINGS FUND OF THE PENSION SYSTEM TO WHICH THE  
2 MEMBER IS TRANSFERRING.

3 (5) (I) THE INTEREST RATE TO BE APPLIED TO THE MEMBER  
4 CONTRIBUTIONS UNDER PARAGRAPH (2) OF THIS SUBSECTION IS THE AVERAGE  
5 RATE OF INTEREST, COMPOUNDED YEARLY, FOR THE 5 FISCAL YEARS PRECEDING  
6 THE CALENDAR YEAR OF TRANSFER.

7 (II) THE RATE OF INTEREST FOR EACH FISCAL YEAR THAT IS USED  
8 TO COMPUTE THE AVERAGE RATE OF INTEREST UNDER SUBPARAGRAPH (I) OF THIS  
9 PARAGRAPH EQUALS THE SUM OF THE INVESTMENT INCOME AND THE REALIZED  
10 GAINS AND LOSSES DIVIDED BY THE BOOK VALUE OF THE TOTAL INVESTMENTS.

11 (C) (1) IF A MEMBER TRANSFERS TO A PENSION SYSTEM UNDER  
12 SUBSECTION (A) OF THIS SECTION, THE BOARD OF TRUSTEES SHALL TRANSFER THE  
13 MEMBER'S EMPLOYER PICKUP CONTRIBUTIONS FOR THE MEMBER'S BENEFIT TO  
14 THE ANNUITY SAVINGS FUND OF THE PENSION SYSTEM TO WHICH THE MEMBER IS  
15 TRANSFERRING.

16 (2) THE BOARD OF TRUSTEES SHALL TRANSFER:

17 (I) AS ADDITIONAL CONTRIBUTIONS, THE PART OF A MEMBER'S  
18 EMPLOYER PICKUP CONTRIBUTIONS OBTAINED BY MULTIPLYING THE MEMBER'S  
19 TOTAL EMPLOYER PICKUP CONTRIBUTIONS AS OF THE DATE OF TRANSFER BY THE  
20 FRACTION SPECIFIED IN SUBSECTION (B)(3) OF THIS SECTION, PLUS INTEREST  
21 COMPUTED AS PROVIDED IN PARAGRAPH (3) OF THIS SUBSECTION; AND

22 (II) AS MEMBER CONTRIBUTIONS, ANY BALANCE OF THE  
23 MEMBER'S EMPLOYER PICKUP CONTRIBUTIONS PLUS REGULAR INTEREST.

24 (3) (I) THE INTEREST RATE TO BE APPLIED TO THE MEMBER  
25 CONTRIBUTIONS UNDER PARAGRAPH (2) OF THIS SUBSECTION IS THE AVERAGE  
26 RATE OF INTEREST, COMPOUNDED YEARLY, FOR THE 5 FISCAL YEARS PRECEDING  
27 THE CALENDAR YEAR OF TRANSFER.

28 (II) THE RATE OF INTEREST FOR EACH FISCAL YEAR THAT IS USED  
29 TO COMPUTE THE AVERAGE RATE OF INTEREST UNDER SUBPARAGRAPH (I) OF THIS  
30 PARAGRAPH EQUALS THE SUM OF THE INVESTMENT INCOME AND THE REALIZED  
31 GAINS AND LOSSES DIVIDED BY THE BOOK VALUE OF THE TOTAL INVESTMENTS.

32 [(b)] (D) On retirement or other withdrawal from service on the basis of which  
33 an allowance is payable, the member's additional contributions, including any  
34 employer pickup contributions transferred as additional contributions, with interest,  
35 shall be paid either in cash or as an additional allowance equal to an annuity that is  
36 the actuarial equivalent of that amount, in the same manner as the benefit otherwise  
37 payable under the Employees' Pension System or Teachers' Pension System.

1 26-201.

2 (a) Except as provided in subsection (b) of this section, this subtitle applies  
3 only to:

4 (1) an employee of the Department of Natural Resources commissioned  
5 by the Secretary of Natural Resources as:

6 (i) a Natural Resources police officer; or

7 (ii) a law enforcement officer, other than a Natural Resources police  
8 officer;

9 (2) a law enforcement officer employed by the Field Enforcement  
10 Division;

11 (3) a member of the Maryland Transportation Authority Police Force  
12 who has the powers granted to a police officer under § 4-208 of the Transportation  
13 Article;

14 (4) a deputy sheriff employed by the Baltimore City Sheriff's  
15 Department;

16 (5) a member of the University of Maryland Police Force who has the  
17 powers granted to a police officer under § 13-601 of the Education Article;

18 (6) a law enforcement officer OR FIREFIGHTER employed by a  
19 participating governmental unit that on or after July 1, 1999 has elected to  
20 participate in the Law Enforcement Officers' Pension System;

21 (7) the State Fire Marshal or a Deputy State Fire Marshal;

22 (8) a member of the Morgan State University Police Force who has the  
23 powers granted to a police officer under § 14-106 of the Education Article;

24 (9) a member of the BWI Airport Fire & Rescue Department;

25 (10) a member of the Department of General Services Police Force who  
26 has the powers granted to a police officer under § 4-605 of the State Finance and  
27 Procurement Article;

28 (11) an employee of the Department of Health and Mental Hygiene  
29 commissioned by the Secretary of Health and Mental Hygiene as a Health and Mental  
30 Hygiene police officer;

31 (12) an employee of the Motor Vehicle Administration commissioned by  
32 the Secretary of the Department of Transportation as a Motor Vehicle Administration  
33 police officer;

1 (13) an employee of the Department of Labor, Licensing, and Regulation  
2 commissioned by the Secretary of Labor, Licensing, and Regulation as a Labor,  
3 Licensing, and Regulation police officer;

4 (14) a firefighter for the Martin State Airport employed by the Military  
5 Department; or

6 (15) a police officer employed by the Division of Rehabilitation Services in  
7 the Department of Education, certified in accordance with the Maryland Police and  
8 Correctional Training Commissions.

9 (b) This subtitle does not apply to:

10 (1) a Maryland Transportation Authority police officer who transferred  
11 from the Employees' Retirement System to the Employees' Pension System on or after  
12 December 1, 1996;

13 (2) a deputy sheriff employed by the Baltimore City Sheriff's  
14 Department who transferred from the Employees' Retirement System to the  
15 Employees' Pension System on or after December 1, 1996;

16 (3) a member of the University of Maryland Police Force who transferred  
17 from the Employees' Retirement System to the Employees' Pension System on or after  
18 December 1, 1997;

19 (4) a law enforcement officer OR FIREFIGHTER employed by a  
20 participating governmental unit who transferred from the Employees' Retirement  
21 System to the Employees' Pension System on or after December 1, 1997;

22 (5) a Maryland Port Administration police officer who transferred from  
23 the Employees' Retirement System to the Employees' Pension System on or after  
24 December 1, 1997;

25 (6) a State Fire Marshal or Deputy State Fire Marshal who transferred  
26 from the Employees' Retirement System to the Employees' Pension System on or after  
27 December 1, 1996;

28 (7) a member of the Morgan State University Police Force who  
29 transferred from the Employees' Retirement System to the Employees' Pension  
30 System on or after December 1, 1997;

31 (8) a member of the BWI Airport Fire & Rescue Department who  
32 transferred from the Employees' Retirement System to the Employees' Pension  
33 System on or after April 1, 1998;

34 (9) a member of the Department of General Services, Department of  
35 Health and Mental Hygiene, Motor Vehicle Administration, or Department of Labor,  
36 Licensing, and Regulation Police Force who transferred from the Employees'  
37 Retirement System to the Employees' Pension System on or after April 1, 1998;

1 (10) a firefighter for the Martin State Airport employed by the Military  
2 Department who transferred from the Employees' Retirement System to the  
3 Employees' Pension System on or after April 1, 1998; or

4 (11) a police officer employed by the Division of Rehabilitation Services in  
5 the Department of Education who:

6 (i) is certified in accordance with the Maryland Police and  
7 Correctional Training Commissions; and

8 (ii) transferred from the Employees' Retirement System to the  
9 Employees' Pension System on or after April 1, 1998.

10 [29-503.

11 (a) Subject to subsection (c) of this section and to the approval of the Board of  
12 Trustees, a member may deposit additional contributions in the annuity savings fund  
13 of the appropriate State system by making a single payment or by making a  
14 contribution at a rate higher than required under this Division II.

15 (b) (1) Additional contributions made under this section may not exceed an  
16 amount that would allow the member to purchase an additional annuity that, when  
17 added to the member's prospective basic allowance, will provide for the member a  
18 total allowance in excess of the amounts provided in this subsection.

19 (2) (i) This paragraph applies only to members of:

20 1. the Correctional Officers' Retirement System;

21 2. the Employees' Retirement System;

22 3. the Local Fire and Police System, who transferred from  
23 the Employees' Retirement System;

24 4. the Law Enforcement Officers' Pension System, who  
25 transferred from the Employees' Retirement System; and

26 5. the Teachers' Retirement System.

27 (ii) The total allowance described in paragraph (1) of this  
28 subsection may not exceed two-thirds of the member's estimated average final  
29 compensation at the earlier of:

30 1. the age of 60 years; or

31 2. 30 years of creditable service.

32 (3) (i) This paragraph applies only to members of:

33 1. the Employees' Pension System;



1 (I) A VOLUNTEER FIREFIGHTER; OR

2 (II) A VOLUNTEER PARAMEDIC.

3 [(d)] (E) "Law enforcement officer" means an individual certified by the  
4 Maryland Police Training Commission as a law enforcement officer.

5 [(e)] (F) (1) "Local pension system" means a retirement or pension system of  
6 an eligible governmental unit.

7 (2) "Local pension system" includes the Employees' Retirement System  
8 and the Employees' Pension System if the eligible governmental unit participates  
9 under Subtitle 1 of this title.

10 31-2A-03.

11 (A) If at least 60% of the law enforcement officers of an eligible governmental  
12 unit who are members of a local pension system petition to become members of the  
13 Law Enforcement Officers' Pension System, the legislative body of the eligible  
14 governmental unit may approve the participation of these law enforcement officers in  
15 the Law Enforcement Officers' Pension System as though the local pension system  
16 were not in operation.

17 (B) IF AT LEAST 60% OF THE FIREFIGHTERS OF AN ELIGIBLE GOVERNMENTAL  
18 UNIT WHO ARE MEMBERS OF A LOCAL PENSION SYSTEM PETITION TO BECOME  
19 MEMBERS OF THE LAW ENFORCEMENT OFFICERS' SYSTEM, THE LEGISLATIVE BODY  
20 OF THE ELIGIBLE GOVERNMENTAL UNIT MAY APPROVE THE PARTICIPATION OF  
21 THESE FIREFIGHTERS IN THE LAW ENFORCEMENT OFFICERS' SYSTEM AS THOUGH  
22 THE LOCAL PENSION SYSTEM WERE NOT IN OPERATION.

23 SECTION 3. AND BE IT FURTHER ENACTED, That Section 2 of this Act shall  
24 take effect January 1, 2005.

25 SECTION 4. AND BE IT FURTHER ENACTED, That, except as provided in  
26 Section 3 of this Act, this Act shall take effect October 1, 2004.